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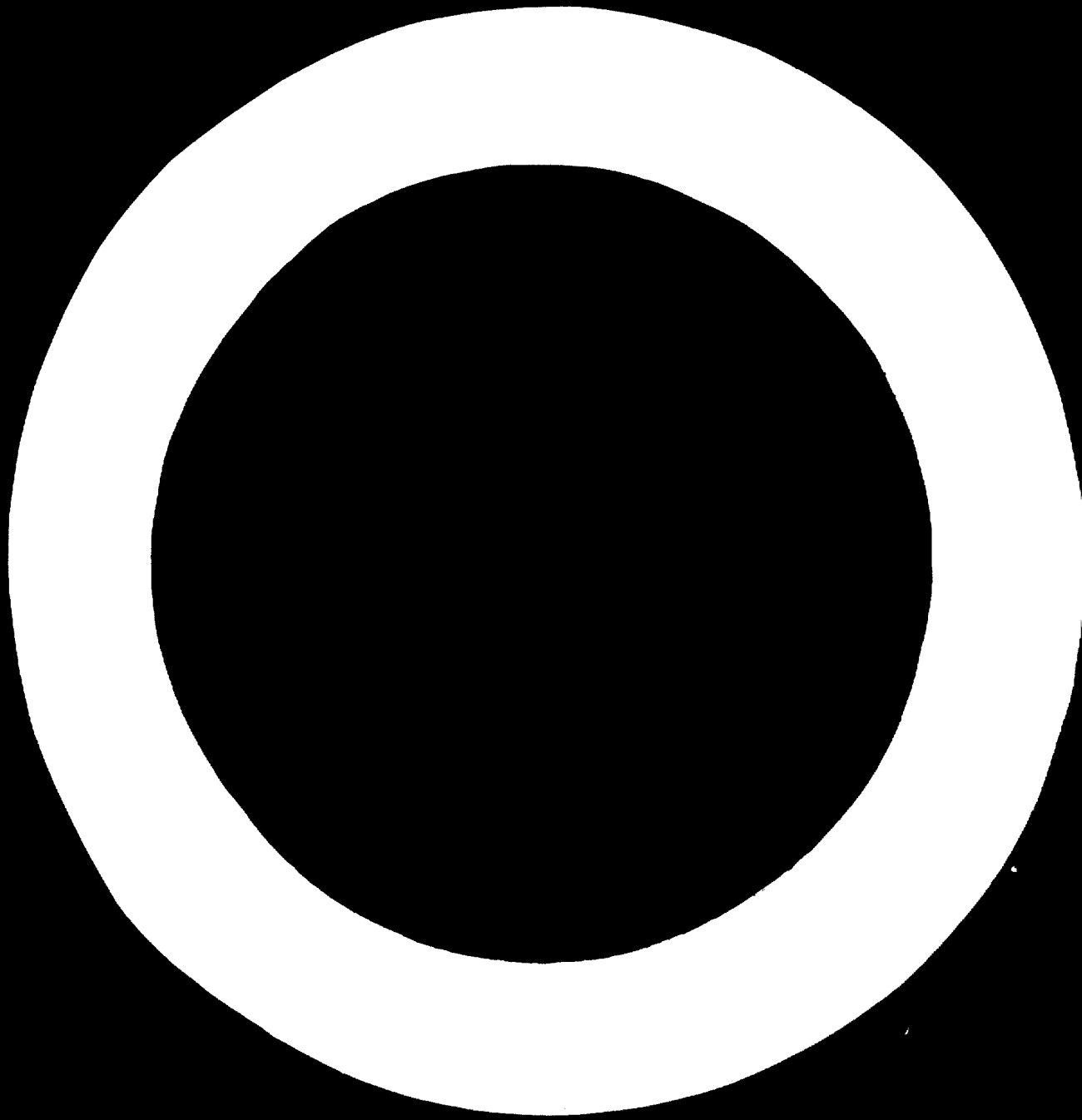
STANDARDIZATION AND EXPORT PROMOTION ^{2/}

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^{1/} Organized by UNIDO (United Nations Industrial Development Organization) in collaboration with ECA (Economic Commission for Africa) and ISO (International Organization for Standardization).

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Standardization and Export Promotion

1 General

If we have a rapid motor-bicycle we would like to have an even more rapid one.

We certainly want the education going on in our countries considerably improved in some few years.

By the construction and start of some few industries we want to start a new era, the industrial one. We sometimes expect the change to occur over some few weeks.

Imagine how often we want things happen immediately. We get so involved in our thoughts so we think we already have reached the next stage in our work. We suddenly expect the motor-bike - already running at top speed - increase its velocity 20 km/h. Maybe we presuppose that all our employees will be able to read next year. We hope our new factories will change the economical situation in our country during the next year.

However, everything has to be started and then successively developed. This development takes time, more or less depending on the complexity of the project.

Too often we underestimate the need of time to bring about a change. We calculate wrongly and we are sometimes too optimistic.

Standardization can lead to many actions and improvements, aiming at the better economy.

When we start a standards activity we again feel that everything must happen in a very short time. This is impossible for many reasons. The rights of a new institution must be made known, the administrative procedures streamlined. The capacity of the technical department of a new institution can only permit the start of some few projects. The selection of these is a multi-faceted problem which only will be partly discussed here.

Let me take an example. The Japanese products have reached a reputation of being of high quality. It has not always been like that. Some few decades ago the situation was somewhat else. Many customers were inclined to say that the Japanese products were of a very low quality. How has this change from the negative to the positive side been possible? The answer is: The authorities made up their minds that Japanese products should be known for their high quality. This new attitude was discussed with all concerned parties. Specifications were made up for the products and a thorough information regarding statistical methods as well as simple piece-checking was given on all levels at industries. A central organization for the inspection and certification of export goods was started. The change was apparent after a very short time. Already ten years meant very much.

From this description we can pick up different points of view:

- a) A firm policy must be laid down
- b) A working-plan must take a rather long time into account
- c) Clear values for each kind of characteristics must be specified in documents
- d) One or some very few certification marks should be introduced to indicate that the specified (high) level is reached for the product

2 Export products

In a number of papers I have seen standardization of export products explained as the solution for crises in a country's economy. I certainly have a very positive attitude to such standardization but warn everyone concerned for a superstitious believe. In fact more savings can be laid up with standards for domestic routines and imported products.

However, it has been found tactically very good to let a hesitating minister listen to what standards can mean for the export trade.

You may judge yourselves from the examples below. Standards can play an important role in the export business. In your country maybe the export situation can justify a very concentrated work on some few export products. You may emphasize the export work in relation to the total amount of work.

However, whatever you do and plan, do not expect or promise immediate results.

3 Tea

A most striking example of standardization of tea was given by Ceylon some years ago. The traditional trade with tea which was the backbone in the country's economy had successively decreased which lead to an economic crisis. An analysis was made and it was found that the international markets had observed the irregularity in the qualities shipped from Ceylon.

Specifications were set up and these gave rules for keeping the different growths apart, for drying, for the number of defect leaves and quantity of other impurities.

4 Coffee

An example rather much in parallel to that concerning tea (clause 3) has been given by an African country. In that country coffee is practically the only export product.

The taste of coffee can be influenced upon by e.g. some pieces of branches and leaves. Black or brown beans are defects and can likewise spoil the homogeneity in taste. Small stones can cause troubles in milling and besides that nobody is willing to buy stones and pay for coffee. Broken beans do not look very nice and these and all impurities are looked upon as defects.

The international coffee market is to a certain degree regulated through quotas. This, however, does not exclude a competition between countries and exporters from a country. They have to know the product they sell. The importer likewise wants to know about the coffee he is going to buy. By a written specification he is able to check the lots that are unloaded. This applies not only to the first lot but to all delivered.

The exporter needs a standard for his purchasing from sub-contractors and for his inspection. The importer needs the same standard for his inspection at delivery. Coupling of the standard and a certification mark can facilitate the procedures on both sides.

Imagine that a national standard has been set up. It has a number of grades reflecting the number of defects. Furthermore the humidity of the beans should be within certain values as otherwise the mass of the bags can differ very much. Say that there are five grades.

In most countries the trade can be free, in some others an official approval is needed for all goods to be exported. Especially in developing countries some standards can be made compulsory. For the most important export products this is justified.

In addition to the technical part of the standard it could e.g. be specified that "Only the grades 1, 2 and 3 may be exported. The standards mark and the grade shall be indicated on the bags."

This means that the standards institution shall have its own standards mark which for a certain fee can be used on all products meeting the requirements in the standard.

Unless some official checking is made of the lots the mark is of no value although the producer has made his inspection. All inspection of bulk products must be made according to statistical methods to keep the costs for the inspection on a reasonable level. An inspector should take a number of representative samples from a number of the bags in the lot and have these examined. The bags in the lot are then stamped with the standards mark and the grade.

The receiver who knows the procedure and what the mark stands for can now reduce his inspection to a very low intensity.

Products so marked can be better paid than those that appear incognito. For the standards institution a reasonable fee can mean a valuable part in the budget for the institution.

An African country sought for the explanation to the low prices for its export hides. The reasons why the hides fell below the international prices are given below.

In the country's export trade hides and skins play an important role. The importance, however, has to be increased and this can only be achieved if the market is offered what is required by international tanners.

The demand for very high quality hides and skins has increased in pace with the mechanization of tanneries. Good hides yield a high price. The present hides receive a poor price because they are so badly prepared. Until now there has been no quality control. Hides and skins exported are sold under the term 40/50/10. These figures indicated the percentage of first, second and third grade hides. The accuracy of these figures, however, is seldom checked at delivery and is not as favourable as it would at first appear.

When hides from other countries are discussed it is taken for granted that they are suspension dried. They are divided up into weight ranges and these in turn into four grades. A price list looks as follows.

Range in kg	Prices in US \$ per 17 kg for suspension dried hides			
	Grade 1	Grade 2	Grade 3	Grade 4
- 4	14.98	13.48	12.02	4.50
4- 8	10.45	9.03	7.61	4.50
8-12	9.28	7.83	6.39	4.50
12-16	8.56	7.14	5.70	4.50
16-	7.09	5.04	4.22	4.50

The principle is obvious; the better the product the higher the price.

Hides that are not checked are not divided up to the same degree and the price list is based on a rather low average value.

Range in kg	Prices in US \$ per 17 kg	
	for suspension dried hides	for ground dried hides

Grade 1 - 4 mixed

All weights mixed	6.00	3.20
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Based on the figures from these two tables and on estimated production of 1 000 000 hides per year the losses to the country by ground drying and careless flaying can be calculated. These are \$ 1 371 000 per year for the producers and 2 046,000 per year for the exporters.

An improvement of the situation involves different aspects such as the breed and slaughtering of the cattle, the flaying, processing grading and transportation. Hides and skins should be kept as clean as possible. The removal of blood, dung etc., is essential if we are to market an attractive export material. The present method of drying hides on the ground must be replaced by suspending them in frames. This can almost eliminate putrefaction and help to keep the hides clean.

- 5 -

When hides are salted, whether the dry or wet salting method is applied, care should be taken to know the quality of the salt. If the salt contains the wrong kinds of minerals such as iron it can cause colour-stains to the hides.

At present no grading of hides and skins exists in the country as is the case in most other producing countries. It is obvious that some rules must be made to enable one to speak of quality in a way that can be understood by all. Establishing rules for grading is certainly no easy task, the different defects on a hide can be many and originate from the time the animal was alive or be postmortem. Defects from the first category are difficult to reduce, however, e.g. branding cattle by hot iron to prove ownership must not be carried out on useful parts of the hide, such as the back portion. This bad habit makes many hides completely worthless. The post-mortem defects on the other hand can be considerably reduced. Improved knowledge in flaying, importance of cleanliness, drying and the use of good salt will mean steps forward.

There are two ways to obtain better results, firstly by teaching the people the elementary rules and secondly monetary incentive. Nothing can start a new way of thinking like earnings. As an example a hide which is well suspension-dried receives a price of \$ 2.17 while a ground dried hide receives only \$ 1.12.

Different kinds of defects, locations and severity, all have to be considered during grading. By giving defect units to the damages, a reasonable background can be built up for the grading. For example each hole or cut counts as 1 unit, if located in the belly or shoulder region of the hide, 2 units in the hind part, putrefaction or grain defects per surface area of 10 by 30 cm are given 1 unit on belly 1,5 on the shoulder and 2 if located on the back portion. There will be a maximum number of units which must not be exceeded for the different grades.

The idea of defect units as expressed above has many origins. It is, however, most interesting to learn that the International Organization for Standardization (ISO) has now prepared standard proposals to obtain the same grading of hides in all countries.

France, Germany and United Kingdom are some of the countries which take an active role in the ISO work on hides and skins. In this group we consequently find the main importers of the hides. It is therefore, felt that most exporting countries and overseas tanners will in the future base their contacts on the ISO Recommendations. Consequently it is essential that also those countries who have at present bad qualities do their best to fall in line with this grading policy. Overseas tanners will otherwise be reluctant to purchase hides and skins from countries without a guaranteed quality standard.

By accepting a standard for the grading of hides we can "speak one and the same language", we can develop a fair price list, we will have a background for the necessary development in the field, we will earn more money.

It is appreciated that a change in the present marketing practice will take some time as both producers and exporters will require information and training in the grading techniques. The cooperation of the producers, the exporters, the authorities as well as the standards people is essential if this country is to establish a name overseas for quality standards in its exports.

6 Grain

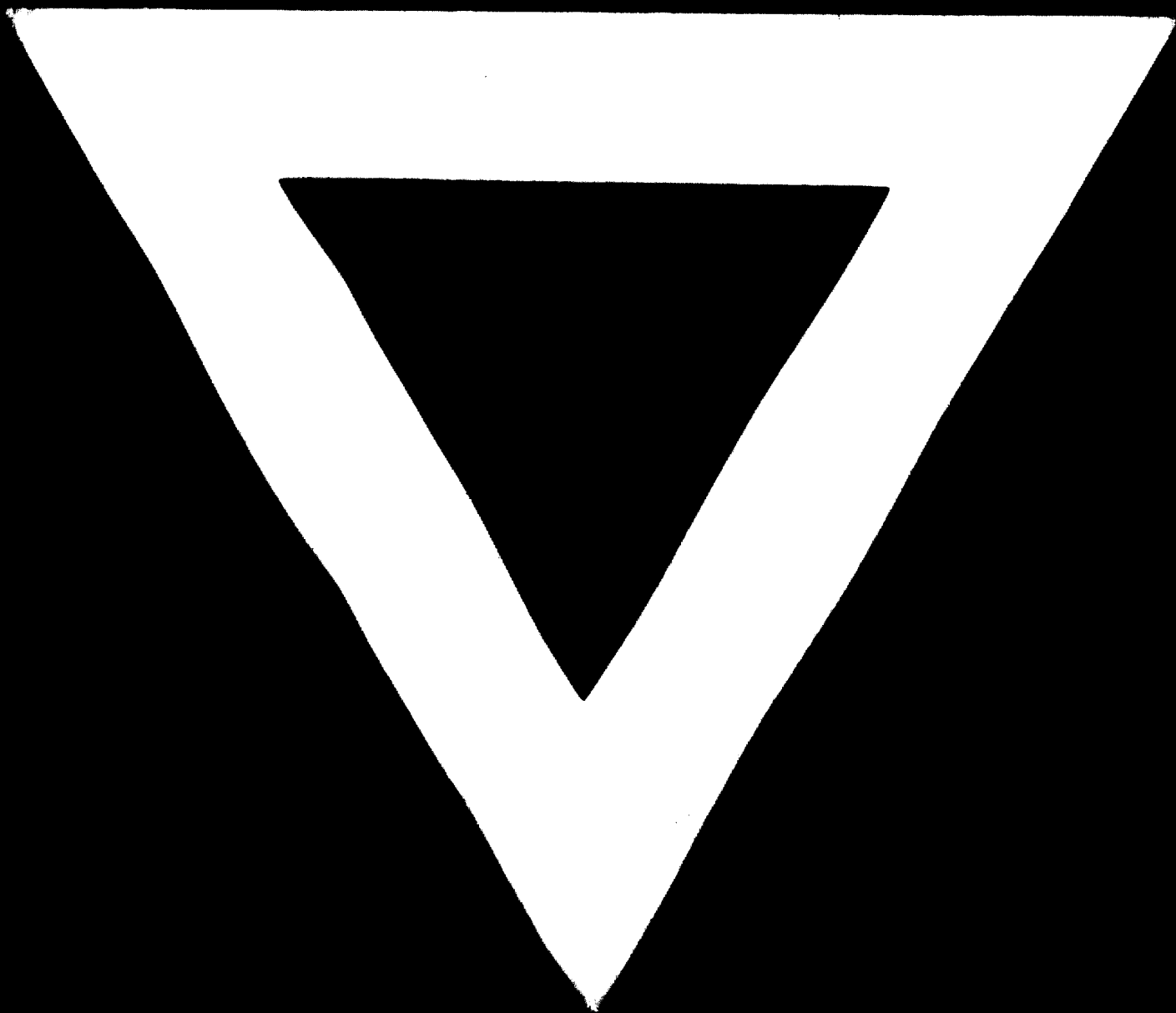
What is said in clause 4 for coffee can also be applied for grain. In fact this is a most current task for the trade in both directions.

7 Timber

The timber trade was long ago built up on the British practices with dimensions in inches and quantities in standards or other so called imperial measures. It should now be observed that the ISO work has resulted in dimensions in millimeter.

As timber is an export product for a number of developing countries this change must be taken into account. An information drive about the new dimensions can be looked upon as an active marketing and have a promoting effect for a country's export business.





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